



*Advising the Congress on Medicare issues*

# Public reporting of physicians' financial relationships

Ariel Winter, Jeff Stensland, Hannah Neprash

April 9, 2008

# Financial relationships between physicians and drug/device manufacturers are pervasive

---

- Most physicians have interactions with drug manufacturers (Campbell et al., *NEJM*, 4/26/07)
- Relationships begin during medical school and residency
- “Medical schools...have become increasingly dependent on industry support of medical education” (AAMC)
- Device companies also have strong financial ties to physicians related to product development, education, training, and research

## Drug industry promotional spending and retail value of free samples totaled \$30 billion in 2005

---

- Promotional spending: \$11.4 billion
  - \$6.8 billion on detailing to physicians
  - \$4.2 billion on direct-to-consumer advertising
  - \$400 million on professional journal advertising
- Retail value of free samples: \$18.4 billion  
(Donohue et al., *NEJM*, 8/16/07)

# Industry support for continuing medical education activities growing rapidly

---

- Commercial support for accredited CME quadrupled from 1998 to 2006, from \$300 million to \$1.2 billion
- Accounts for half of total revenue for CME providers
- Guidelines require that CME activities be independent of industry influence
- But evidence that some activities were improperly influenced by commercial sponsors (Senate Finance Committee 2007)

# Benefits and risks of industry-physician relationships

---

- Relationships can lead to technological advances, increased use of beneficial products
- But may also undermine physicians' independence, objectivity
- Industry interactions associated with
  - Rapid prescribing of newer, more expensive drugs
  - Lower prescribing of generics
  - Requests to add drugs to hospital formulary (Wazana, *JAMA*, 1/19/00)

# Efforts by private sector and government to regulate relationships

---

- Development of voluntary guidelines by manufacturer and physician groups
- OIG issued guidance to help companies comply with anti-kickback law
- Some evidence that companies changed promotional practices, but no mechanism to track compliance with guidelines
- Evidence that some inappropriate practices persist



# State reporting laws

---

- 4 states and DC require drug manufacturers to report payments to physicians
- No state law covers device manufacturers
- Data often incomplete and not easily accessible
- Vague definitions of payment categories

# Potential uses of national data on physician-industry relationships

---

- Could encourage physicians to reflect on propriety of relationships with industry
- Media/researchers could shed light on potential conflicts of interest
- Payers and plans could examine physicians' practice patterns
- Hospitals could check financial ties of physicians who request purchase of drugs and devices



# Potential limitations and costs of public reporting

---

- Will data be useful to patients?
- Reporting will not eliminate conflicts of interest
- Compliance costs for manufacturers
- Administrative costs for government
  - 2 states with reporting laws incur minimal costs to collect and post data on website
  - No data on costs to monitor/enforce compliance

# Three key design questions for public reporting system

---

- How comprehensive should it be?
- What size and types of payments should be reported?
- How can data be made readily accessible to the public?

# How comprehensive should reporting system be?

---

- Should payments to recipients other than physicians be included?
  - E.g., medical schools, teaching hospitals, continuing medical education organizations, professional societies
- Should companies be allowed to withhold information they deem proprietary?

# What size and types of payments should be reported?

---

- Dollar threshold for payments that must be reported
- Which types of payments to include?
  - Options: gifts, samples, meals, entertainment, honoraria, consulting, education, research, investment interests, product royalties

# How can data be made readily accessible to the public?

---

- Make database easy to search and download
- Allow users to search for payments by type, amount, physician or entity, and manufacturer

# Other issues

---

- Which agency should administer reporting law?
- Should federal reporting law preempt state laws?



## Growth of physician investment in hospitals and ASCs may signal need for more information

---

- Physician-owned specialty hospitals more than doubled, 2002-2006
- Ambulatory surgical centers grew by 30%, 2002-2006
  - Most ASCs have physician ownership (MGMA)
- Increase in joint ventures and other financial arrangements between hospitals and physicians
- Information on financial relationships generally not available to payers, media, and researchers

# Public reporting of physicians' financial relationships with hospitals and ASCs

---

- Payers and others could use data to study influence of incentives on physician referral patterns and overall volume
- May encourage hospitals to examine whether relationships with physicians are appropriate
- Option: collect data on physician ownership and certain other relationships (e.g., joint ventures)
- Limit amount of data that hospitals and ASCs would report

# Questions for Commissioners

---

- Further comments on chapter for June report?
- Reactions to key design questions for reporting of physician-industry relationships
- Next steps to pursue?